

Glut of coins prompts mint to cut production

By Roger Boye

UnCLE Sam will trim coinage production this year to reduce a glut of "hard money" in government coffers.

Officials have at least 7.5 billion coins in storage, the result of lower-than-expected demand from banks. The inventory represents several months' worth of government minting capacity.

"It makes no sense to over-produce; stockpiling the excess is expensive," said Mint Director Donna Pope in a mid-March interview. During the current fiscal year, government workers probably will turn out fewer than 17 billion coins, considerably below an earlier projection of 19.1 billion pieces.

In January the U.S. Mint hired a consulting company to forecast coin demand to the year 2000, the first major study in nearly a decade. Pope said her staff must have precise estimates to plan improvements in mint buildings and equipment.

The research report, due by mid-summer, also will attempt to analyze why coin demand has dropped. Pope said the reasons could include:

- Greater use of electronic money transfers and credit cards.

- The impact of a lower rate of inflation.

- The conversion in 1982 to copper-plated zinc cents, which may have reduced the hoarding of Lincoln pennies.

Previous projections of coin usage are proving to be inaccurate. For example, the last major analysis—completed in 1976—said the U.S. economy would need 41 billion new coins annually by 1990, a prediction that now seems to be way off target.

Production peaked in 1982 when 19.5 billion pieces were made. Last year mint staffers churned out 17.8 billion coins for circulation, and the 1985 total will be even lower.

Lincoln cents accounted for 77 percent of production last year; dimes ranked a distant second, with about 9 percent of the total. Coins dated 1984 have a face value of \$688 million, about \$2.90 worth of change for each U.S. citizen.

- The government has enlarged "P" and "D" mint marks used on 1985-dated coinage, enhancing their appearance.

The restyled letters [for Philadelphia and Denver] are about 30 percent bigger and more distinct than the mint marks found on most U.S. coins issued since the mid-1960s. Some hobbyists have complained that in recent years the mint letters were exceedingly difficult to decipher, often looking like blobs of metal.